GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:395
ANSWERED ON:09.04.2003
DISINVESTMENT OF PSUs
TRILOCHAN KANUNGO

Will the Minister of DISINVESTMENT be pleased to state:

(a) the names of PSUs disinvested during each of the last three years ending March 31, 2003;

(b) the percentage of shares disinvested in each case with the value of land, value of assets and amount of liabilities in each of the disinvested undertakings, the amount received in each case so far;

(c) the details of amount received during each of the last three years;

(d) in which of the disinvested PSUs Government control has been dispensed with - reasons therefor;

(e) whether any evaluation has been made of the disinvested industries; and

(f) if so, details thereof with profit and loss and production and productivity and the condition of employees and employment in each case?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

(a) to (f) A statement is laid on the table of the House.

Statement referred to in reply to parts (a), (b), (c), (d), (e) and (f) of the Lok Sabha Starred QuestionNo. 395 for 9-4-2003 regarding disinvestment of PSUs by Shri Trilochan Kanungo (position No.l5)

(a) & (b) The Public Sector Undertakings (PSUs)/units disinvested through strategic sale during the last threeyears ending 31 st March, 2003 indicating the percentage of shares disinvested and the amount received against the equity disinvested is given at Annexure-I. A statement indicating the value of land, the value of assets and liabilities as per the last audited financial accounts of these PSUs preceding the year of disinvestment is given at Annexure-ll.

(c) The amount realised from disinvestment in PSUs has been deposited in the Consolidated Fund of India whichis used to finance social and economic development programs, rural development, poverty alleviation, PSU restructuringand infrastructure development.

(d) The Government has disinvested its equity in the PSUs as indicated in Annexure-I in accordance with thepolicy of the disinvestment wlder which all non-strategic PSUs can be disinvested up to a level of 26%, or lower on a case by case basis.

(e) & (f) Disinvestment of PSUs through strategic sale was initiated only about three years back and mostof the transactions have been concluded in the last two years. Sufficient time has not elapsed so far for a rigourious analysis of its impact. However, anecdotal evidence suggests that it has facilitated the productive use of assets which will contribute to growth and employment. Data on the sales and profit of the disinvested PSUs, as given bythe concerned companies is given in Annexure-III. Information provided by the companies suggests that reduction in employment is minimal. Often it is a continuation of restructuring initiated earlier, necessitated by the internal requirements of the disinvested company. In one case employment has increased after disinvestment. There have been no cases of retrenchment. Pending wage agreements have been finalised in several cases resulting in an increase in wages and allowances for employees.

Modern Food Industries (India) Ltd. (MFIL) and Paradeep Phosphates Ltd. (PPL) were loss-making companiesprior to disinvestment. Post disinvestment, the companies have seen a substantial growth in sales and loss levels have been significantly reduced. Indian Petrochemicals Corporation Ltd. (IPCL) was a profitable company, which wasdisinvested in June, 2002. During the first nine months of 2002-2003 as reported by the company, there has been an 11% increase in gross turnover and a 104% increase in net profit as compared to the same period in the previous year. In BALCO, various operational and input costs have been reduced, the production of hot metal has increased and the new management is considering a substantial increase in the capacity.

These examples show that efficiency enhancement has been achieved by disinvested PSUs, which is beneficialfor the economy and for employment.

Annexure I

Statement referred to parts (a) & (b) of the Lok Sabha Starred Question No. 395 for 9-4-2003regarding disinvestment of PSUs by Shri Trilochan Kanungo

PSUs disinvested through strategic sale

Name of PSUs	% of equity disinvested	Amount rcalised (Rs. in crore)
2000-01		
1. Bharat Aluminium Company Ltd. (BALCO)	51.00	551.50
2001-02		
1 HTL Ltd.	74.00	55.00
2. CMC Ltd.	51.00	152.00
3. India Tourism Development Corporation Ltd.(ITDC)		
i) Ashok Bangalore	Long term lease cum management contract	39.41@
ii) Bodhgaya Ashok	100	1.81
iii) Hassan Ashok	100	2.27
iv) Madurai Ashok	100	4.97
v) TBABR, Mamallapuram	100	6.13
vi) Agra Ashok	100	3.61
vii) Laxmi Vilas Palace, Udaipur	100	6.77
viii) Qutub Hotel, New Delhi	100	34.46
ix) Lodhi Hotel, New Delhi	100	71.93
Sub-total		171.36
4. Hotel Corporation of India Lid (HCI)		
i) Centaur Hotel Juhu Beach, Mumbai	100	153.00
ii) Indo Hokke Hotels Ltd Rajgir	100	6.51
Sub-total		159.51#
5 IBP Ltd.	33.58	1153.68
6 Videsh Sanchar Nigam Ltd.	25.00	3689.00##
7 Paradeep Phosphates Ltd.	74	151.70
2002-2003		
1 Hindustan Zinc Ltd.	26.00	445.00

2. Maruti Udyog Nigam Ltd - 1000.00$
3 Indian Petrochemicals Corporation Ltd. (IPCL) 26.00 1491.00
4 HCI Centaur Hotel Airport, Mumbai 100 83.00#

5 ITDC

i) KABR, Kovalam 100 40.39
ii) Manali Ashok 100 3.65
iii) Khajuraho Ashok 100 2.19
iv) Varanasi Ashok 100 8.38
v) Aurangabad Ashok 100 16.50
vi) Kanishka Ashok 100 92.37
vii) Indraprastha 100 43.39
viii) Chandigarh Project (incomplete) 100 17.27
ix) Ranjit 100 29.28
x) Airport Ashok Kolkata 100 19.39

Proceeds gone to Air India
Includes dividend of Rs.755 crore and special interim dividend and dividend tax of Rs. 1,495 crore.

$ Control Premium received against renunciation of rights issues in MUL by Government resulting in Government equity in Maruti Udyog reduced from 49.74 % to 45.54 %

@ Inclusive of Minimum Guaranteed Annual Payment (MGAP), Security Deposit and Business Transfer Consideration etc.

Annexure II

Statement referred to parts (a) & (b) of the Lok Sabha Starred Question No. 395 for 9-4-2003 re2ardin2 Disinvestment of PSUs bv Shri Trilochan Kanungo

(Rs. in crore)

Name of PSUs	Value of land	Value of Assets (including value of land)	Value of liabilities net of shareholders` fund)
1. Bharat Aluminium Company Ltd. (BALCO)	6.71	1210.05	505.90
2. HTL Ltd.	0.11	333.96	276.34
3. CMC Ltd.		353.16	278.49
4 India Tourism Developmynt Corporation #	3.97	314.59	110.77
5 Hotel Corporation of India#	0.79	117.16	76.56
6. IBP Ltd.	51.16	1490.07	1121.00

7. Videsh Sanchar Nigam Ltd. 75.10 10069.26 3480.52

8. Paradeep Phosphates Ltd. 3.71 1364.59 1016.95

9. Hindustan Zinc Ltd. 10.91 1501.50 434.23

10 Maruti Udyog Nigam Ltd. 8.50 4828.50 2121.20

11. Indian Petrochemicals 84.95 8253.07 5425.78
Corporation Ltd. (IPCL)

Data in respect of ITDC and HCI are for the respective companies as a whole and pertain to the audited accounts of the financial year prior to the conclusion of the transactions.

Annexure III

Statement referred to parts (e) & (f)of the Lok Sabha Starred Question No. 395 for 9-4-2003 reaarding Disinvestment of PSUs bv Shri Trilochan Kanungo

Sales/Profit Figures of Disinvested PSUs

Sl.No.	Company Name	Period	Sale (Rs. in cr.)	Net Profit (Rs. in cr.)
1	MFIL#	Jan to Dec. 2001	232	-12
2	BALCD	2001-02	714.65	18.76
3	CMC	2001-02	565.33	25.09
4	HTL	2001-02	233	-1075
5	VSNL	Nine Months ending Dec. 02	3780	589
6	IBP	Nine Months endina Dec. 02	6754	491
7	PPL	Nine Months endina Dec. 02	499	-50.42
8	HZL	Nine Months ending Dec. 02	1080	-
9	IPCL	Nine Months ending Dec. 02	3656	114